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STATISTICAL BULLETIN

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Highlights

- CONSUMER DEMAND GROWTH MAY BE SLOWING, WITH NO RECOVERY FORESEEN IN HOME & CAR SALES, AND CONSUMER OPTIMISM STARTING TO WANE
- LABOR REPORTS SHOW SOME MODERATING TRENDS
- INDUSTRIAL OUTPUT GROWTH REMAINS STRONG, AS INVESTMENT RISES
- EXPORT GROWTH IS FALTERING
- ON THE INFLATION WATCH: FOOD PRICES HAVE JUMPED BUT NOT WAGE OR INDUSTRIAL COMMODITIES, AND ENERGY PRICES HAVE DECLINED.
- OUTLOOK • MODERATE GNP GROWTH IN THE FOURTH QUARTER OF 1988, AFTER A TORRID THIRD-QUARTER PERFORMANCE

Volume 21, No. 9, September, 1988

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The Conference Board

THE CONFERENCE BOARD'S STATISTICAL BULLETIN COMMENTARY

OVERVIEW: Strong U.S. economic growth in the second and third quarters may give way to a more moderate performance in the fourth quarter of this year. The median of the **Economic Forecasts** is for annualized growth in real GNP of 3.9%, seasonally adjusted, in the third quarter. The pace of activity will then moderate closer to 3% in the fourth quarter. The most important offsetting factor is business investment, which remains a bright spot on the economic horizon. Rapid export growth seems to have abated, at least temporarily. And consumer demand growth appears to be weakening. This cooling-off in demand, both at home and abroad, is likely to slow the current rapid pace of industrial output.

Recent hikes in interest rates and slower money supply growth, both in response, in part, to heighten inflationary fears, will tend to curb economic growth, especially in interest-sensitive areas like home and car buying. Business investment will be far less affected, as a higher than usual portion of spending on plant and equipment is coming out of retained earnings and depreciation allowances. Somewhat slower economic growth may limit upward pressure on prices. It may also act to further depress imports and thereby help to reduce the trade deficit. An improved trade balance and higher domestic interest rates could lead to a stronger dollar, which together with slower growth could set the stage for some interest rate easing. That scenario is also tied to improvement in the budget deficit, however. As of right now, the **Economic Forecasts** call for slower economic growth in 1989.

DOMESTIC MARKET MONITOR

For months, the **Economic Forecasts** have been indicating that the labor market would not sustain its rapid pace. Thus, the report of slower employment growth and of fewer hours worked in August comes as no surprise. Of course one month doesn't make a trend, but the Economic Forecasts continue to reflect no change in the unemployment rate for the rest of the year. Moreover, labor demand remains flat. The Conference Board's **Help-wanted Index**, a measure of labor demand, was no higher in July than it was last November. And early returns to the August survey show no change from July.

A cooling off in the labor market would tend to diminish inflationary prospects by reducing upward pressure on wages, and by dampening the rise in consumer spending. The average wage rate in private industry was unchanged in August. Moreover, some of the new jobs in recent months have been in relatively low-paying positions, such as household and protective services, and have gone to teens and black adults. That suggests that hourly wage rates are not being bid up in a tight market. But the lack of wage growth may spell trouble for consumer spending growth.

INCOME: So far this year, income growth has been fairly strong, as a result of some rise in hourly pay and of increases in the number of wage earners. Wages in commodity-producing industry were 2.2% higher in July than three months earlier. Wages in the "other industry" category were 2.5% higher. The brisk pace of wage income growth is likely to have cooled in August, however, because of slower job growth and no rise in hourly pay. That, in turn, is likely to constrain the rise in consumer spending. The impact on domestic production will depend on the extent to which consumer spending on imports slows.

Nonwage income growth has already faltered. Overall, non-wage income was only 1.1% higher in July than three months earlier. And much of that increase reflects a pick up in interest income.

If consumer income growth does weaken, households are unlikely to borrow to maintain spending growth. Consumers have already demonstrated a reluctance to step up borrowing. The ratio of **Consumer Installment Debt Expansion to Personal Income** has been running below 1986 levels and now the cost of borrowing is rising.

There is some evidence that the high level of consumer confidence is beginning to weaken. The Conference Board's **Consumer Confidence Index** stood at 119.2 (1985 = 100) in August, compared to 120.2 in May. But the Expectations Component stood at 109 in August, compared to 114 in May. That suggests that consumers are beginning to anticipate some loss of momentum in job openings and pay increases over the next six months—an expectation shared with the **Economic Forecasts**.

SPENDING: There is some indication that consumer demand has already begun to slip. To be sure, total retail sales, except autos, were 1.7% higher in July than three months earlier. But durable-goods' sales, except autos, were up by only 0.3 percent.

New domestic **Automobile Sales** were no higher in August than in June. That's actually good news since higher interest rates were expected to have a negative impact on sales. In any event, this model year is not closing on a strong note and sales for the next model year may not even match this year's lackluster pace. In fact, declining income growth and falling consumer optimism, together with rising interest rates, may result in a much slower sales pace.

CONSTRUCTION: Through much of the last 12 months, home sales were substantially weaker than car sales. But at the moment, both are more flat than declining. New single-family home sales were no higher in July

Ken Goldstein, Editor

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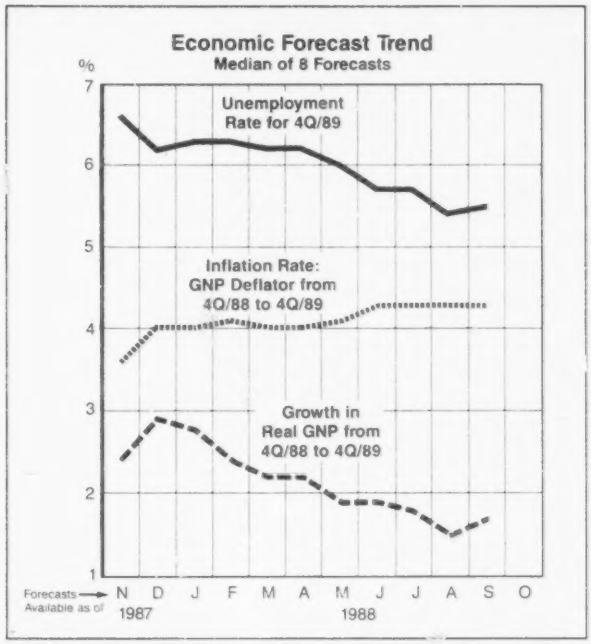


than three months earlier. And hikes in mortgage rates, as well as steadily rising home prices, are likely to keep home sales soft in the coming months. Indeed, construction data indicate that homebuilders are not anticipating renewed demand. Single-unit housing starts were 1.2% lower in July than three months earlier. Rental unit construction was much weaker.

Nonresidential construction was marginally higher in July than three months earlier, largely because office and public building rose; other nonresidential construction was lower. Employment and hours worked in construction rose modestly in August, suggesting no major change in trend.

PRODUCTION: Rising business investment and exports are resulting in strong output gains. Total industrial production was 1.7% higher in July than three months earlier, and capacity utilization rates rose sharply. The drop in hours worked in August suggests that total output fell that month. While the decline may turn out to be a one-shot occurrence, there is nevertheless some concern that the rising trend in output may be moderating.

The slackening in production growth is likely to be quite gradual. Total new orders for durable goods, except defense related, were 2% higher in July than three months earlier. That's a little slower than the gain in prior months, but the ratio of new filled orders to shipments has been rising. That suggests producers can work off unfilled orders for a time, even as the flow of new orders weakens.

INVENTORY: Another reason why any slowing in production may be gradual is that producers have been somewhat cautious about building inventory. Total inventory, except cars at the retail level, was only 1.6% higher in June than three months earlier, but industrial sales were 2.5% higher. Thus, the Inventory-to-Sales ratio edged down over those months. If producers were sure that the sales pace could be maintained, some attempt would have been made to maintain the Inventory-to-Sales ratio. The falling ratio suggests that producers are wary of stepping up production for inventory in case the sales pace should falter.

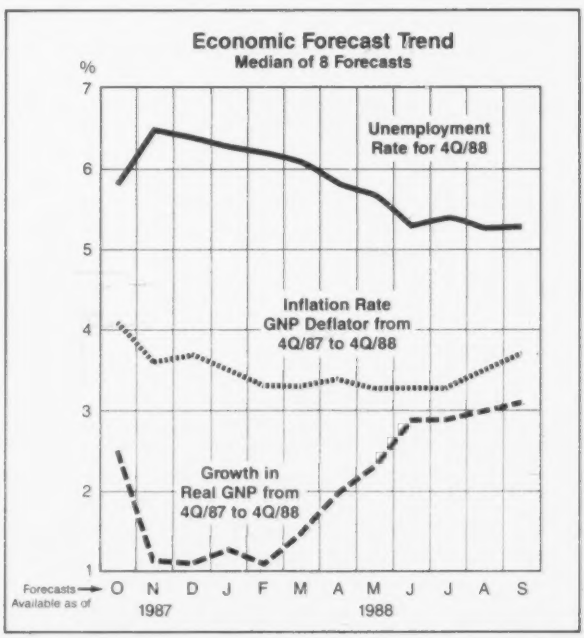
INFLATION: If inflation starts to shoot up, it will first show up in higher hourly wage rates and commodity and agricultural prices. The average hourly wage rate in private industry was unchanged in August and raw industrial commodity prices fell 0.4% in July. But farm prices, in part the result of hot, dry weather this summer, were 7.5% higher in August than three months earlier. Still, the consensus of the **Economic Forecasts** is a rather modest uptick in inflation. The CPI is expected to rise by about 5%, annualized, in the fourth quarter of this year, and by not more than 5½% in 1989.

INTERNATIONAL MONITOR

Import growth has been quite modest and is likely to remain so. Total imports were only 2% higher in June than three months earlier. But imports of capital goods were 6.9% higher, as the rise in total business investment remains strong. Imports of consumer goods, except cars, were 5.3% higher. If the rise in consumer buying begins to slacken, those imports are likely to be affected. To the extent that imports represent consumer durables, the rise in consumer goods' imports could weaken faster than overall consumer demand.

After a period of quite rapid growth, the rise in exports has stalled. Total exports were 2% lower in June than three months ago. Exports of consumer goods, except cars, were 9.6% higher. But shipments of cars and parts were 16.4% lower. And exports of industrial material were 4.1% lower, while capital goods, except cars, were 0.3% lower.

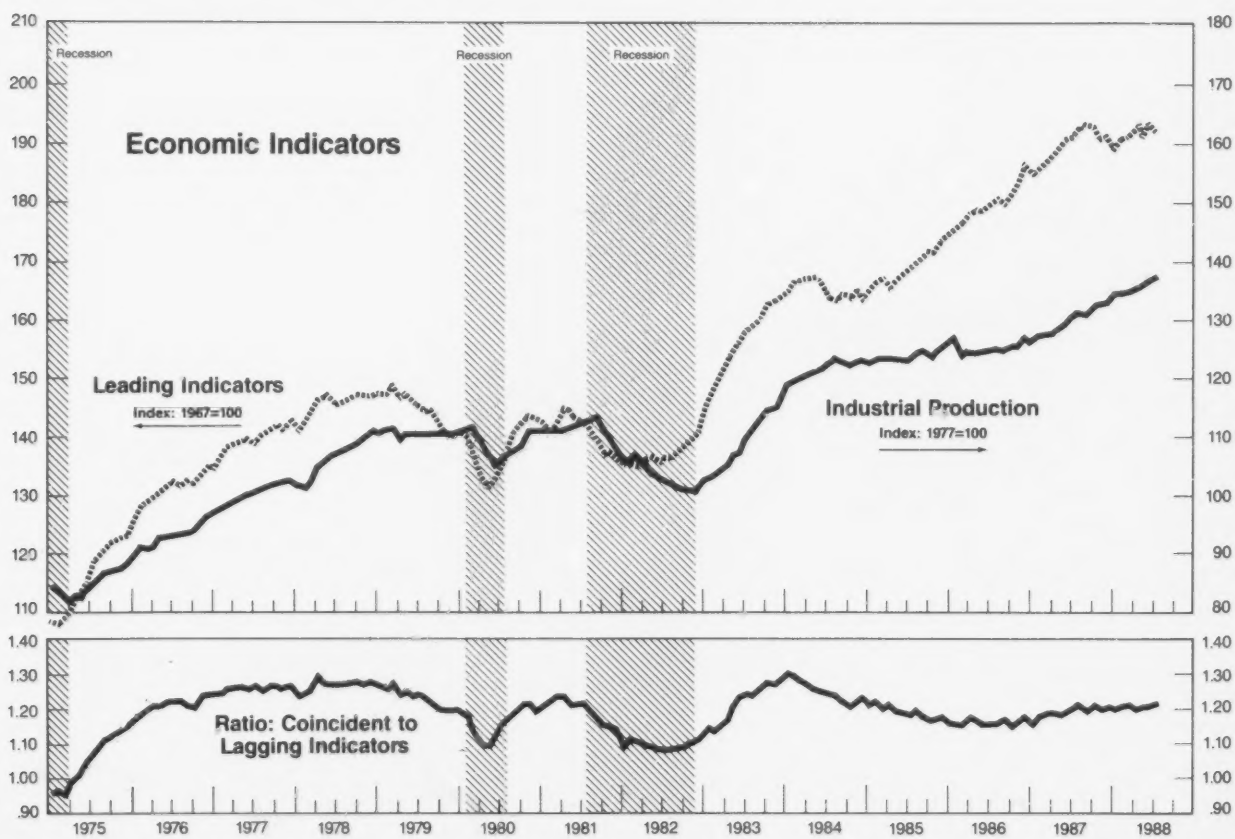
Ken Goldstein
September 9, 1988



STATUS OF LEADING ECONOMIC INDICATORS

		Rising	Level	Declining	Change over Latest Three Months	Change from Year-Ago
		(Classification based on movement of series over several months)				
Leading Economic Indicators	July		X		- 0.2%	0.6%
Capital Investment Commitments						
*Contracts and orders, plant & equipment (deflated)	July	X			4.1%	9.2%
New orders, nondefense capital goods (deflated)	July	X			3.9%	12.7%
*New business formation	July			X	- 0.5%	1.5%
*Housing permits	July			X	- 2.1%	- 6.0%
Inventory Investment and Purchasing						
*New orders, consumer goods & materials (deflated)	July			X	- 1.3%	0.8%
*Change in inventory, on hand & order (deflated)	June			X	-25.3%	-25.2%
Purchasing manager's buying policy	Aug.	X			5.0%	3.0%
*Vendor performance, reported slower deliveries	July		X		6.0%	6.0%
Industrial raw materials prices	Aug.		X		3.1%	7.8%
*Change in sensitive material prices	July	X			0.3%	- 1.2%
Sensitive Financial Flows						
*Money balance (M2 deflated)	July		X		0.1%	1.6%
Change in business loans	July		X		-63.2%	106.5%
*Change in credit outstanding	June			X	1.9%	0.2%
Change in consumer installment debt	July			X	-15.3%	-36.7%
Profitability						
Total corporate profits, after tax (deflated)	2nd.Q	X			12.3%	17.3%
*Common stock prices	July	X			2.5%	-13.2%
Marginal Employment Adjustments						
*Average workweek, mfg.	Aug.		X		0.0hr	0.0hr
*Initial unemployment claims (inverted)	July	X			- 9.8%	0.6%

Note: For a description of the Leading Indicators Composite Index see Bureau of Economic Analysis, *Handbook of Cyclical Indicators*, (Washington. D.C.: Government Printing Office) May, 1977.
*These twelve series make up the Composite Leading Index charted below.



CONFERENCE BOARD DIFFUSION INDEXES

DIFFUSION INDEXES	1987 Jul.	1988 Apr.	May	Jun.	Jul.(e)
Principal Diffusion Index	65.8r	59.5r	56.8r	60.0r	59.6
Auxillary Diffusion Index	59.2r	55.0r	41.3r	60.4r	48.6
Industrial Group	62.1r	63.0r	56.5r	58.1r	58.1
Nonindustrial Group	69.6r	55.9r	57.1r	61.9r	61.0
Sense of Diffusion	1	1	1	1	1
SUBGROUP DIFFUSION INDEXES					
Industrial Subgroups					
Production	70.5	67.5	62.0	62.0r	67.5
Labor	56.7	60.4	54.5r	58.2r	55.1
Miscellaneous	62.8r	62.8r	53.2r	51.9r	51.3
Nonindustrial Subgroups					
Prices	91.7	55.1	53.2	59.6	50.6
Consumer	70.5	64.5	62.4r	67.7r	67.9
Building	51.0	48.7	49.4	57.1	64.1
Miscellaneous	66.2r	52.6r	59.4r	60.7r	59.0

Note: The principal diffusion index reflects the frequency of rises in 20 component series over the 12-month period ending in the month indicated. The index is based on the direction of change, not the magnitude of change, from month to month. Each component series carries equal weight in the index, but the direction of recent changes is weighted more heavily than are earlier changes. If, for example, 10 component series rose and 10 declined in each of the last 12 months, the current index would be higher than 50 because the data over the latest six-month period are weighted more heavily than data from the earlier six-month period. On the other hand, if all 20 series rose in each of the last six months, after declining in each of the prior six months, weighting would make the current index considerably greater than 50. See Morton Ehrlich, "Using The Conference Board's Diffusion Indexes," The Conference Board *RECORD*, July, 1966.

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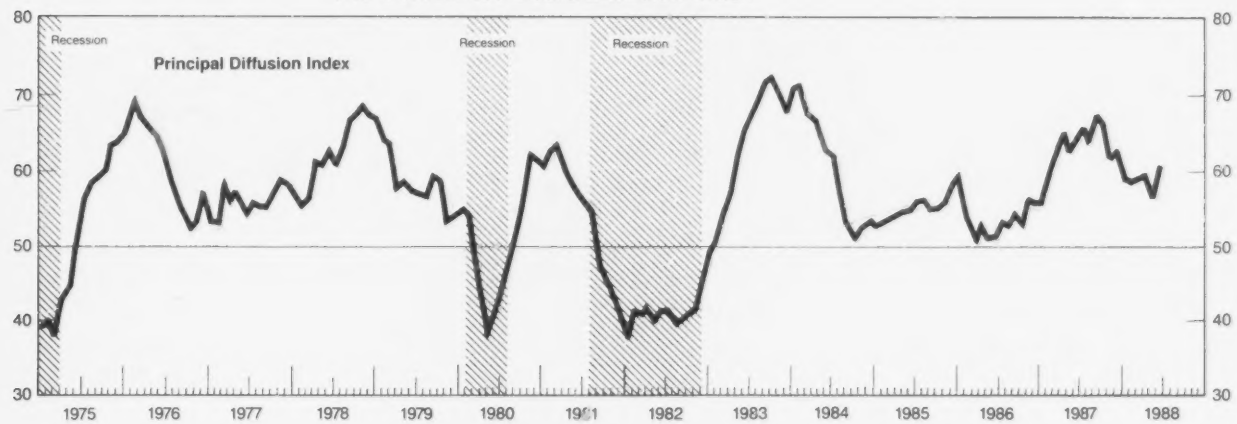
The Conference Board Diffusion Index



BUSINESS EXECUTIVES' EXPECTATIONS

	1985				*1986*				*1987*			
	Aug.	*Nov.*	*Feb.*	*May*	*Aug.*	*Nov.*	*Feb.*	*May*	*Aug.*	*Nov.*	*Feb.*	*May*
	Score (scale 0-100)											
Measure of Business Confidence	51	55	61	61	50	51	55	55	59	47	51	58
1. Appraisal of Current Economic Conditions Compared With Six Months Ago	45	53	63	61	44	50	56	55	62	50	49	64
2. Expectations for Economy, Six Months Ahead	53	56	62	62	52	51	54	53	56	43	50	54
3. Expectations for Own Industry, Six Months Ahead	54	56	59	60	54	53	56	56	58	48	54	55

The Measure of Business Confidence is the average of the scores for the three primary questions in the survey. Respondents have five reply options for each question; a score for each question is determined by assigning the following values to the replies and calculating the average value of the replies to the question: Substantially Better—100; Moderately Better—75; Same—50; Moderately Worse—25; Substantially Worse—0. The score for each question,and the overall Measure of Business Confidence, thus can range from 0 to 100.

ECONOMIC FORECASTS

			U.C.L.A.[2] Business Forecasting Project		Merrill Lynch[2] Economics Inc.		E.I. duPont[2] de Nemours & Co.		Georgia State University[2]	
Date of Forecast			*August, 1988*		*August, 1988*		*August, 1988*		*August, 1988*	
			Level	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*
Gross National Product Billions of Current Dollars										
Actual	**1988**	**II**	**$4819.7**	**8.3%**	**$4819.7**	**8.3%**	**$4819.7**	**8.3%**	**$4819.7**	**8.3%**
Forecast	1988	III	4892.3	6.2	4909.8	7.7	4899.5	6.8	4887.3	5.7
		IV	4984.0	7.7	4992.6	6.9	4978.8	6.6	4965.8	6.6
	1989	I	5095.9	9.3	5096.1	8.6	5044.7	5.5	5065.7	8.3
		II	5191.0	7.7	5174.1	6.3	5114.7	5.7	5159.2	7.6
		III	5248.7	4.5	5213.8	3.1	5184.9	5.6	5241.1	6.5
		IV	5287.2	3.0	5242.5	2.2	5260.3	6.0	5312.1	5.5
	1990	I	5327.5	3.1			5358.7	7.7	5381.2	5.3
		II	5390.7	4.8			5466.9	8.3	5441.1	4.5
		III	5460.7	5.3			5577.4	8.3		
	1988	Annual	4855.1	7.3	4861.7	7.4	4855.4	7.3	4849.3	7.1
	1989	Annual	5205.7	7.2	5181.6	6.6	5151.3	6.1	5194.5	7.1
Gross National Product Billions of Constant (1982) Dollars										
Actual	**1988**	**II**	**$3988.1**	**3.3%**	**$3988.1**	**3.3**	**$3988.1**	**3.3%**	**$3988.1**	**3.3%**
Forecast	1988	III	4020.7	3.3	4020.9	3.3	4016.0	2.8	4013.9	2.6
		IV	4057.6	3.7	4046.4	2.6	4034.0	1.8	4040.2	2.6
	1989	I	4096.2	3.9	4079.5	3.3	4052.0	1.8	4075.9	3.6
		II	4124.7	2.8	4093.1	1.3	4069.0	1.7	4102.6	2.6
		III	4121.6	–0.3	4089.1	–0.4	4089.0	2.0	4123.0	2.0
		IV	4103.5	–1.7	4080.2	–0.9	4110.0	2.1	4134.2	1.1
	1990	I	4081.6	–2.1			4138.0	2.8	4136.3	0.2
		II	4085.5	0.4			4170.0	3.1	4127.6	–0.8
		III	4093.5	0.8			4203.0	3.2		
	1988	Annual	4005.6	4.1	4002.9	4.1	3998.6	3.9	3999.6	4.0
	1989	Annual	4111.5	2.6	4085.5	2.1	4080.0	2.0	4108.9	2.7
Gross National Product deflator Index, 1982 = 100										
Actual	**1988**	**II**	**120.9**	**4.9%**	**120.9**	**4.9%**	**120.9**	**4.9%**	**120.9**	**4.9%**
Forecast		III	121.7	2.8	122.1	4.2	122.0	3.9	121.8	3.0
		IV	122.8	3.8	123.4	4.2	123.4	4.7	122.9	3.8
	1989	I	124.4	5.2	124.9	5.1	124.5	3.6	124.3	4.5
		II	125.9	4.7	126.4	4.9	125.7	3.9	125.8	4.8
		III	127.3	4.8	127.5	3.5	126.8	3.6	127.1	4.4
		IV	128.8	4.8	128.5	3.1	128.0	3.8	128.5	4.4
	1990	I	130.5	5.3			129.5	4.8	130.1	5.1
		II	131.9	4.4			131.1	5.0	131.8	5.4
		III	133.4	4.5			132.7	5.0		
	1988	Annual	121.2	3.0	121.4	3.2	121.4	3.2	121.2	3.0
	1989	Annual	126.6	4.5	126.8	4.4	126.2	4.0	126.4	4.3
Unemployment Rate										
Actual	**1988**	**II**		**5.5%**		**5.5%**		**5.5%**		**5.6%**
Forecast	1988	III		5.3		5.3		5.5		5.5
		IV		5.2		5.2		5.6		5.4
	1989	I		5.1		5.2		5.6		5.2
		II		5.0		5.2		5.7		5.2
		III		5.0		5.5		5.7		5.3
		IV		5.2		5.9		5.8		5.3
	1990	I		5.6				5.7		5.4
		II		5.9				5.6		5.5
		III		6.2				5.5		
	1988	Annual		5.4		5.4		5.6		5.6
	1989	Annual		5.1		5.5		5.7		5.3

Notes: Percentage changes represent compound annual rates of change from preceding period. Quarterly data are seasonally adjusted.

[1]Based on preliminary second quarter data.

[2]Based on revised second quarter data.

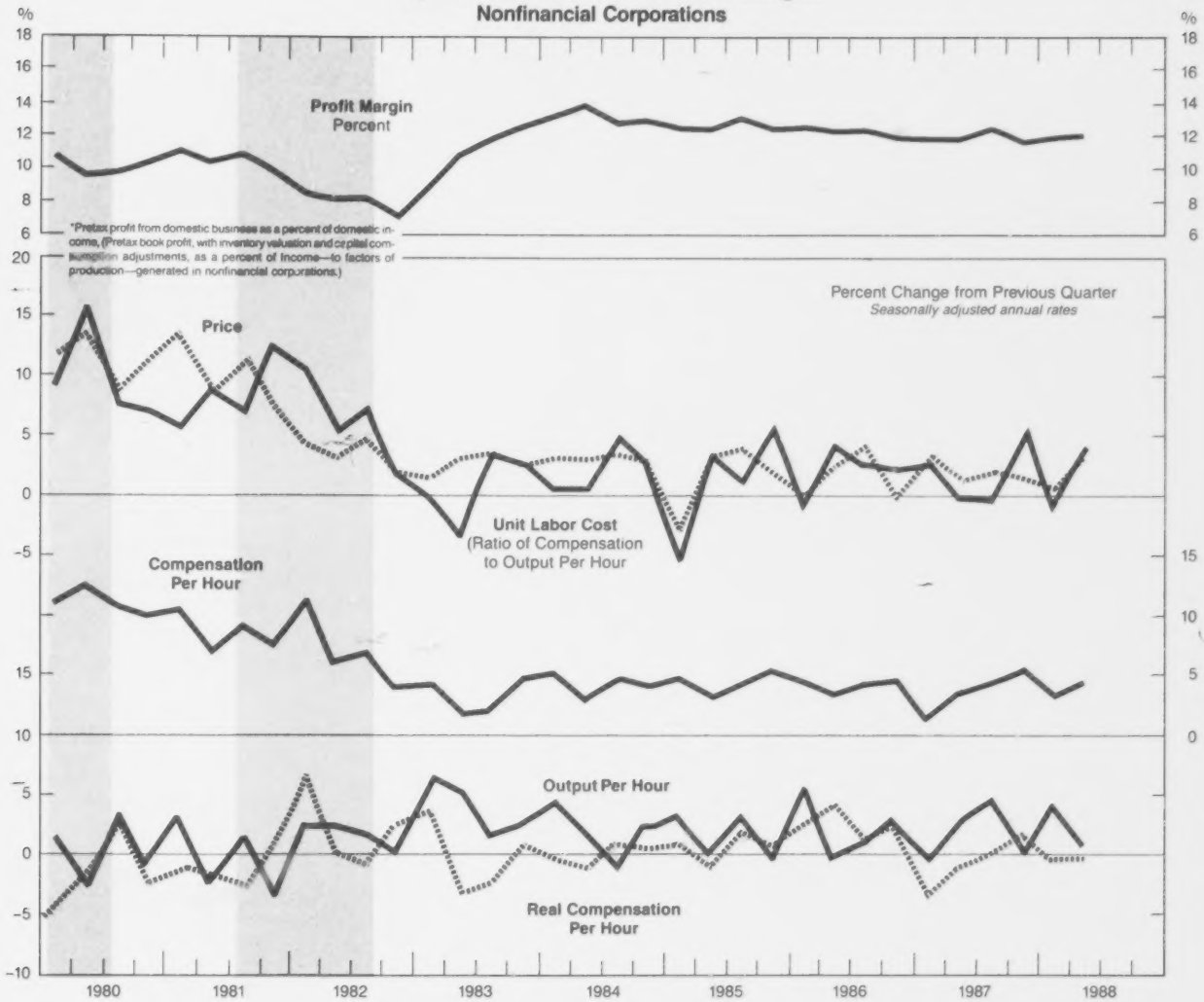
ECONOMIC FORECASTS (continued)

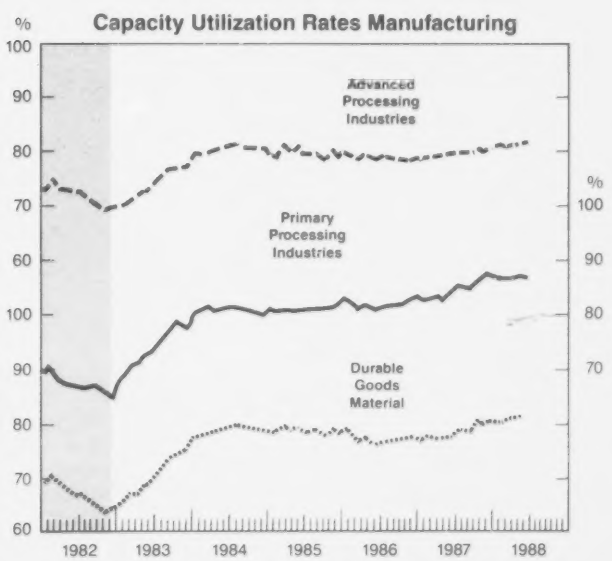
The Conference Board[1]		Laurence H. Meyer Associates, Inc.[2]		Data Resources Inc.[2]		Wharton E.F.A. Inc.[2]		Date of Forecast		
July, 1988		*August, 1988*		*August, 1988*		*August, 1988*				
Level	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*			
								Gross National Product Billions of Current Dollars		
$4806.9	**7.2%**	**$4819.7**	**8.3%**	**$4819.7**	**8.3%**	**$4819.7**	**8.3%**	**II**	**1988**	**Actual**
4893.0	7.4	4914.2	8.1	4903.5	7.1	4903.4	7.1	III	1988	Forecast
4975.0	6.9	4995.4	6.8	4972.8	5.8	4974.3	5.9	IV		
5051.0	6.3	5109.0	9.4	5082.5	9.1	5065.6	7.5	I	1989	
5090.0	3.1	5189.6	6.5	5150.8	5.5	5136.4	5.7	II		
5121.0	2.5	5260.4	5.6	5218.2	5.3	5210.5	5.9	III		
5181.0	4.8	5330.4	5.4	5296.2	6.1	5283.3	5.7	IV		
		5427.3	7.5	5386.9	7.0	5355.5	5.6	I	1990	
		5513.6	6.5	5470.8	6.4	5452.0	7.4	II		
		5603.5	6.7	5568.6	7.3	5560.9	8.2	III		
4849.9	7.1	4863.5	7.4	4855.1	7.3	4855.5	7.3	Annual	1988	
5110.8	5.4	5222.4	7.4	5186.9	6.8	5174.0	6.6	Annual	1989	
								Gross National Product Billions of Constant (1982) Dollars		
$3986.3	**3.1%**	**$3988.1**	**3.3%**	**$3988.1**	**3.3%**	**$3988.1**	**3.3%**	**II**	**1988**	**Actual**
4020.5	3.5	4022.6	3.5	4021.9	3.4	4014.5	2.7	III	1988	Forecast
4044.7	2.4	4047.8	2.5	4038.6	1.7	4033.8	1.9	IV		
4060.3	1.6	4088.6	4.1	4088.1	5.0	4056.5	2.3	I	1989	
4046.1	−1.4	4108.2	1.9	4101.2	1.3	4066.0	0.9	II		
4029.1	−1.7	4123.9	1.5	4113.0	1.2	4081.2	1.5	III		
4035.0	0.6	4141.8	1.7	4132.3	1.9	4097.8	1.6	IV		
		4167.3	2.5	4153.6	2.1	4102.0	0.4	I	1990	
		4191.6	2.4	4172.9	1.9	4130.8	2.8	II		
		4217.6	2.5	4202.4	2.9	4167.4	3.6	III		
4001.9	4.0	4003.7	4.1	4001.2	4.0	3998.1	3.9	Annual	1988	
4042.6	1.0	4115.6	2.8	4108.7	2.7	4075.4	1.9	Annual	1989	
								Gross National Product deflator Index, 1982 = 100		
120.6	**4.0%**	**120.9**	**4.9%**	**120.9**	**4.9%**	**120.9**	**4.9%**	**II**	**1988**	**Actual**
121.7	3.8	122.2	4.4	121.9	3.6	122.1	4.3	III	1988	Forecast
123.0	4.3	123.4	4.1	123.1	4.0	123.3	3.9	IV		
124.4	4.6	125.0	5.1	124.3	3.9	124.9	5.2	I	1989	
125.8	4.6	126.3	4.4	125.6	4.1	126.3	4.7	II		
127.1	4.2	127.6	4.0	126.9	4.1	127.7	4.3	III		
128.4	4.2	128.7	3.6	128.2	4.1	128.9	4.0	IV		
		130.2	4.9	129.7	4.8	130.6	5.1	I	1990	
		131.5	4.1	131.1	4.4	132.0	4.4	II		
		132.9	4.1	132.5	4.4	133.4	4.5	III		
121.2	3.0	121.5	3.2	121.3	3.1	121.4	3.2	Annual	1988	
126.4	4.3	126.9	4.5	126.2	4.0	127.0	4.5	Annual	1989	
								Unemployment Rate		
	5.4%		**5.5%**		**5.5%**		**5.5%**	**II**	**1988**	**Actual**
	5.4		5.3		5.3		5.3	III	1988	Forecast
	5.4		5.2		5.3		5.3	IV		
	5.5		5.1		5.2		5.4	I	1989	
	5.8		5.1		5.2		5.6	II		
	6.1		5.1		5.2		5.7	III		
	6.1		5.2		5.3		5.9	IV		
			5.2		5.3		6.1	I	1990	
			5.2		5.4		6.3	II		
			5.2		5.4		6.3	III		
	5.5		5.4		5.5		5.5	Annual	1988	
	5.9		5.1		5.2		5.7	Annual	1989	

CBDB

ATTENTION PC USERS: All data in this publication plus extensive government statistics are available for downloading to your PC. For more information, contact Linette Waters at (212) 759-0900.

Key Determinants of Profit Margin

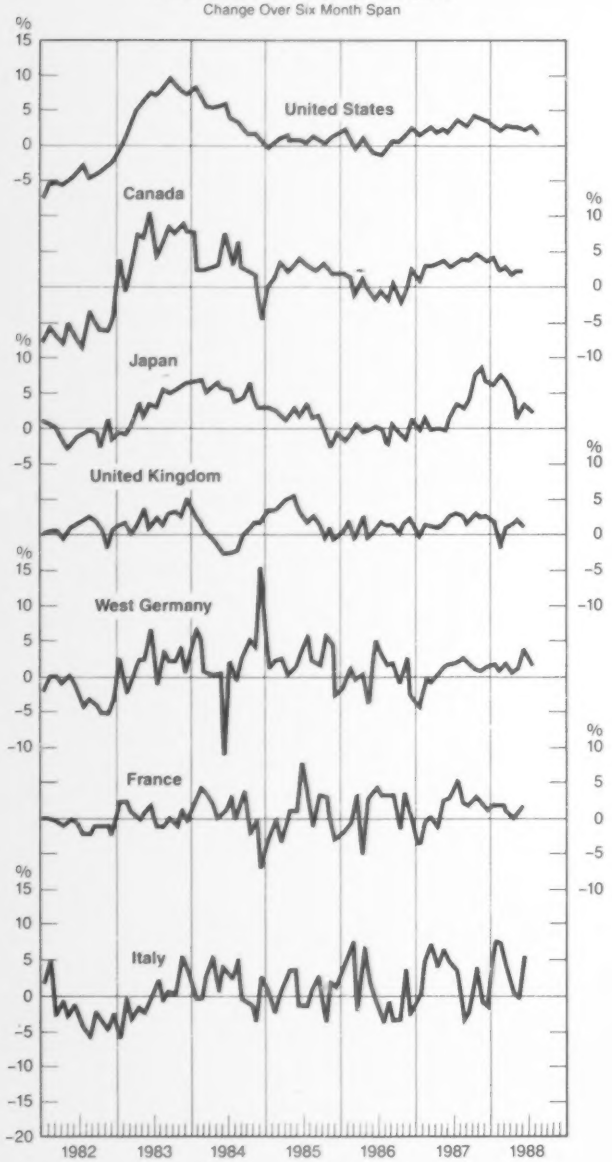




Selected International Comparisons

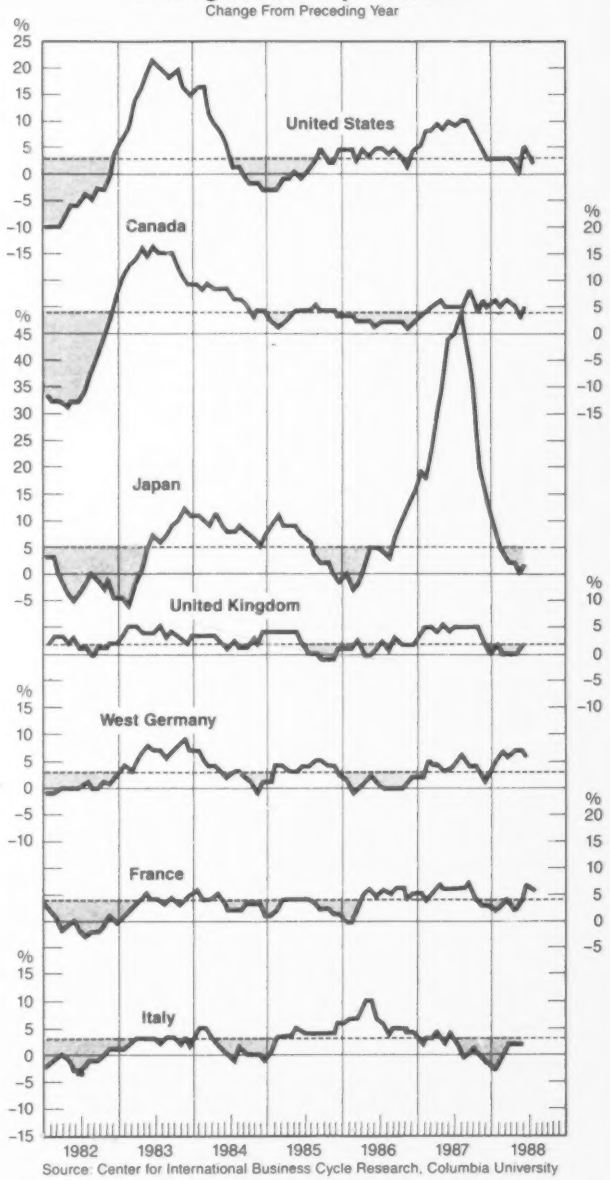
Industrial Production Indexes

Change Over Six Month Span



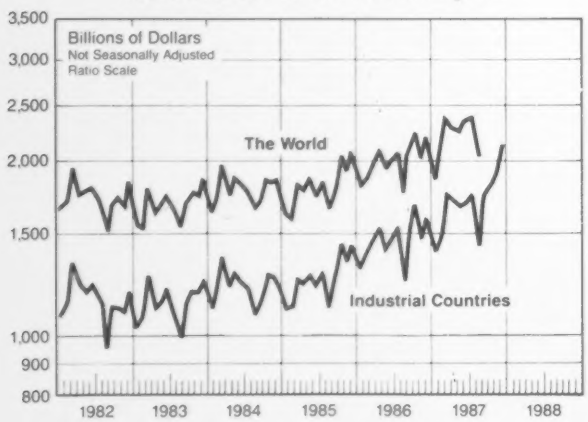
Leading Business Cycle Indexes

Change From Preceding Year

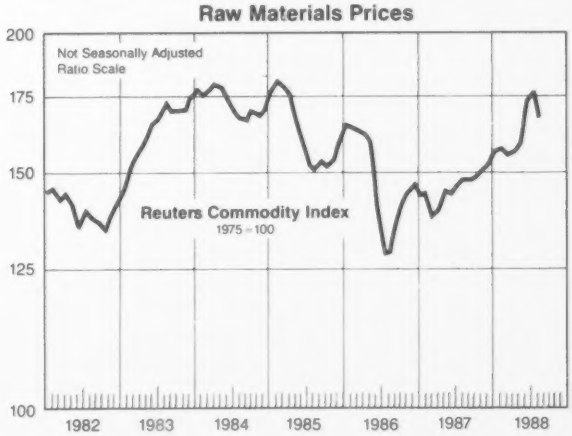


Source: Center for International Business Cycle Research, Columbia University

Merchandise Trade: Value of Exports



Raw Materials Prices



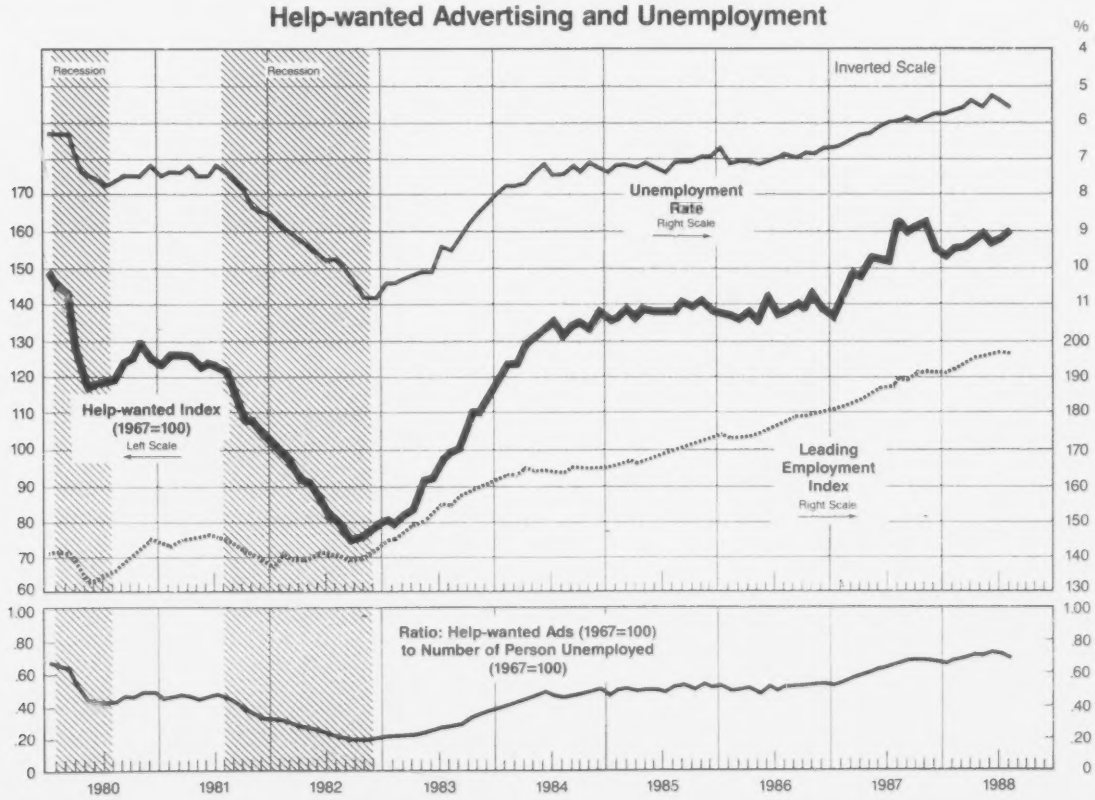
CONFERENCE BOARD HELP-WANTED ADVERTISING INDEX

Seasonally Adjusted Indexes, 1967 = 100

Locality	1988 July	1988 June	1988 May	1987 July
National Index	159	156r	160	153
New England	148	152	166	178
Boston	145	141	161	178
Hartford	152	175	183	189
Providence	154	168	168	169
Middle Atlantic	87	88	93	88
Albany	188	197	216	259
Allentown	375	408	458	324
New York	59	60	62	65
Philadelphia	74	78	81	76
Pittsburgh	106	97	102	90
Rochester	115	107	107	90
Syracuse	158	156r	162	143
East North Central	112	110	111	103
Chicago	119	117	114	116
Cincinnati	184	161	173	155
Cleveland	81	76	80	70
Columbus	189	188	198	189
Dayton	93	90	97	83r
Detroit	62	58	60	57
Gary	208	224	204	142
Indianapolis	119	127	134	111
Milwaukee	84	99	99	78r
Toledo	152	146	146	127
West North Central	104	100r	103	93
Kansas City	138	133r	162	128
Minneapolis	N.A.	93	76	88
Omaha	170	161	173	139
St. Louis	N.A.	71	75	64
South Atlantic	218	208r	220	223
Atlanta	279	271	289	276
Baltimore	251	236	240	268
Charlotte	216	194	201	200
Jacksonville	232	233	238	245
Miami	169	170	174	151
Richmond	155	151	160	155
Washington, D.C.	195	180r	199	209
East South Central	189	185	191	177
Birmingham	197	187	203	167
Knoxville	332	305	323	267
Louisville	103	102	103	93
Memphis	140	141	149	140
Nashville	253	261	256	277
West South Central	193	189	180	163
Dallas	160	171	162	150
Houston	287	275	253	226
New Orleans	140	124	128	115
Oklahoma City	126	125	129	116
San Antonio	149	150	144	136
Tulsa	162	144	150	131
Mountain	321	299	320	302
Denver	218	197	217	199
Phoenix	399	377	422	413
Salt Lake City	411	386	374	347
Pacific	253	248	251	235
Los Angeles	170	169	176	162
Sacramento	487	494	485	437
San Bernadino	306	286	N.A.	274
San Diego	621	597	602	543
San Francisco	248	242	254	243
Seattle	262	254	255	232
Percentage of papers with rising volume	69	24r	71	53
Unemployment rate	5.4	5.3	5.6	6

Note: For definitions and method, see Noreen Preston, *The Help-wanted Index* (New York: The Conference Board, 1977).
r—revised N.A.—not available

Help-wanted Advertising and Unemployment



* Source: Center for International Business Cycle Research, Columbia University.

CONFERENCE BOARD INDEXES OF CONSUMER CONFIDENCE AND EXPECTATIONS

Indexes, 1985 = 100
(Seasonally Adjusted)

Consumer Confidence Index

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1985	102.0	103.1	96.1	104.4	99.6	102.6	103.2	100.9	96.0	96.1	98.1	98.2
1986	96.9	96.0	95.1	100.0	100.2	100.0	97.5	91.7	89.7	85.9	89.7	93.2
1987	85.4	91.8	95.8	97.4	103.0	102.1	105.8	110.7	115.7	115.1	100.8	107.7
1988	109.9	114.9	112.7	115.7	120.2	115.7	113.5r	119.2p				

Expectations Index

1985	102.5	103.9	95.9	105.1	99.6	102.7	102.5	102.1	96.3	94.5	96.8	98.2
1986	96.3	94.4	95.5	99.0	99.4	99.7	96.4	92.0	89.4	86.1	92.0	92.2
1987	85.6	91.8	96.8	100.5	105.6	98.2	105.6	107.5	112.5	108.9	90.9	99.6
1988	102.2	105.5	104.9	112.8	114.4	108.6r	103.7r	109.3p				

Confidence Index measures consumer optimism in appraising economic conditions. Expectations Index, (charted below), measures consumer attitudes with regard to business conditions and employment and income levels six months hence. Data prior to May, 1981 based on survey of families. Data after May, 1981 are based on survey of households. A description of these indexes appears in The Conference Board RECORD, September, 1973.

Surveys are conducted by National Family Opinion, Inc.

p—preliminary r-revised

Consumer Confidence and Expectations

CONFERENCE BOARD ESTIMATES OF CAPITAL APPROPRIATIONS AND EXPENDITURES BY MANUFACTURERS AND INVESTOR-OWNED UTILITIES

Billions of Dollars, Seasonally Adjusted

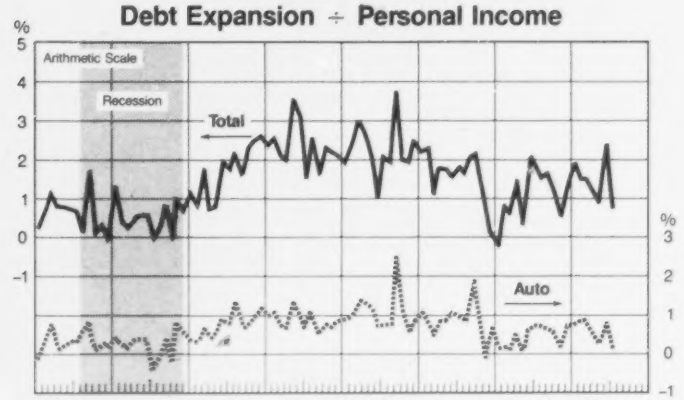
	1986		1987				1988	Percent Change From Previous Year	
	III	IV	I	II	IIIr	IVr	Ip	Actual 1987	Estimate 1988
1000 LARGEST MANUFACTURING FIRMS									
New appropriations	20.203	22.097	21.441	32.257	29.561	35.909	32.034	31%	11%
Capital expenditures	22.452	23.299	20.801	25.933	27.381	29.820	30.279	11	21
Change in appropriations backlog*	-5.060	-10.990	-0.550	+5.460	-0.080	+3.510	+0.870		
Durable Goods									
New appropriations	10.807	10.807	9.746	16.515	17.208	20.245	15.124	55	3
Capital expenditures	12.186	12.915	11.124	14.006	13.970	16.037	16.496	17	22
Change in appropriations backlog*	-3.986	-4.140	-2.070	+2.310	+2.930	+3.810	-1.720		
Nondurable Goods									
New appropriations	10.152	11.290	11.695	15.742	12.353	15.664	16.910	24	18
Capital expenditures	10.266	10.384	9.677	11.927	13.411	13.783	13.783	6	21
Change in appropriations backlog*	-1.074	-6.853	+1.520	+3.160	-3.010	-0.300	+2.590		
ELECTRIC & GAS UTILITIES									
New appropriations	5.530	5.491	6.482	5.569	5.135r	6.094p			
Capital expenditures	7.535	6.080	7.622r	7.032r	7.728r	6.524p			
Change in appropriations backlog*	-2.110	-1.005	-0.810r	-1.590r	-2.830r	-0.680p			

Available on request: Historical data from 1953 (manufacturing) and from 1958 (utilities), and quarterly reports containing text and data for 17 separate manufacturing industries, electric and gas utilities.

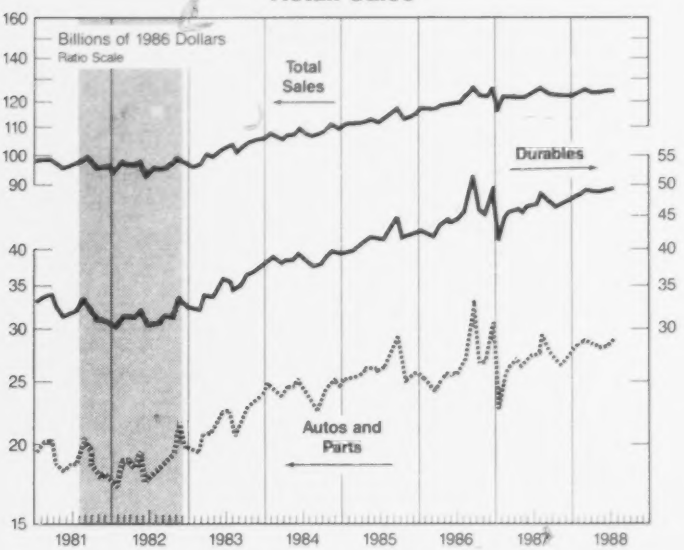
r—revised p—preliminary

* Change in Backlog = New Appropriations – (Expenditures + Cancellations and Other Adjustments).

Consumer Installment Debt Expansion ÷ Personal Income



Retail Sales



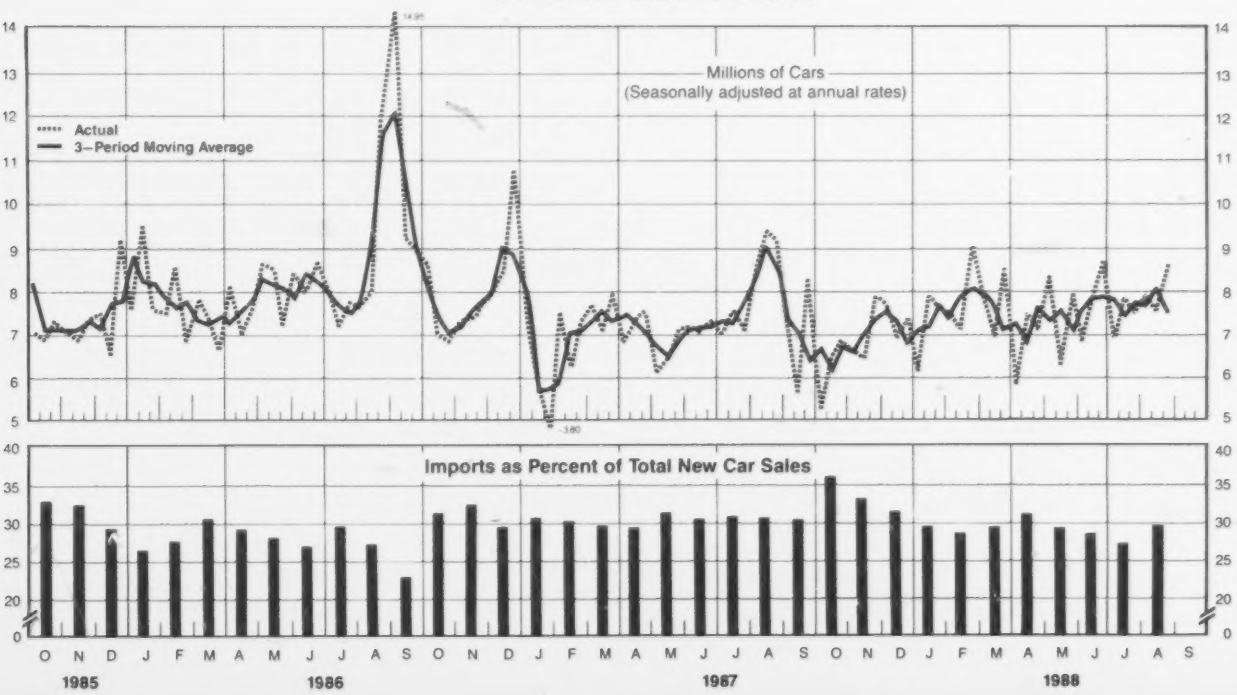
CONFERENCE BOARD ESTIMATES OF NEW AUTO SALES, BY 10-DAY PERIODS

Millions, Seasonally Adjusted at Annual Rate

Periods		1985	1986	1987	1988
January:	1-10	8.23	7.61	7.42	6.06
	11-207.84	8.00	9.45	5.97	7.89
	21-31	7.77	7.57	3.80	7.56
February:	1-10	7.24	7.56	7.46	7.51
	11-20	7.70	8.55	6.34	7.11
	21-28(29)	9.17	6.80	7.28	9.03
March:	1-10	8.09	7.76	7.60	7.88
	11-20	8.90	7.37	7.08	6.94
	21-31	8.52	6.69	7.99	8.50
April:	1-10	7.87	8.09	6.87	5.82
	11-20	9.24	7.07	7.35	7.45
	21-30	8.03	7.55	7.57	7.04
May:	1-10	7.91	8.63	6.17	8.37
	11-20	8.76	8.56	6.43	6.31
	21-31	8.09	7.22	7.08	7.99
June:	1-10	8.33	8.40	7.14	6.81
	11-20	7.66	8.00	7.10	7.97
	21-30	7.08	8.60	7.27	8.70
July:	1-10	7.38	8.04	7.04	6.91
	11-20	7.75	7.15	7.54	7.82
	21-31	7.38	7.77	7.11	7.46
August:	1-10	7.11	7.63	8.55	7.93
	11-20	8.06	7.95	9.32	7.59
	21-31	13.41	11.80	9.15	8.60
September:	1-10	10.93	14.95	7.20	6.31
	11-20	9.10	9.25	5.71	
	21-30	10.69	8.91	8.29	
October:	1-10	7.01	8.60	5.25	
	11-20	6.84	7.00	6.47	
	21-31	7.32	6.88	6.86	
November:	1-10	7.04	7.26	6.68	
	11-20	6.88	7.39	6.44	
	21-30	7.31	7.69	7.88	
December:	1-10	7.49	7.88	7.72	
	11-20	6.60	8.42	6.93	
	21-31	9.12	10.71	7.33	

Note: Dealer sales exclude exports and foreign-model cars (unless manufactured domestically.) Data from Ward's Automotive Reports are seasonally adjusted by The Conference Board. Prior data available upon request.

Domestic—Model Car Sales


Millions of Cars
(Seasonally adjusted at annual rates)
Actual
3–Period Moving Average
Imports as Percent of Total New Car Sales
O N D J F M A M J J A S O N D J F M A M J J A S O N D J F M A M J J A S
1985
1986
1987
1988